

7

AMENDMENT TO H.R. 975
OFFERED BY MR. CANNON AND MR. DELAHUNT

Add at the end the following:

1 **TITLE ____—PREVENTING COR-**
2 **PORATE BANKRUPTCY ABUSE**

3 **SEC. ____01. EMPLOYEE WAGE AND BENEFIT PRIORITIES.**

4 Section 507(a) of title 11, United States Code, is
5 amended—

6 (1) in paragraph (3) by striking “90” and in-
7 serting “180”, and

8 (2) in paragraphs (3) and (4) by striking
9 “\$4,000” and inserting “\$10,000”.

10 **SEC. ____02. FRAUDULENT TRANSFERS AND OBLIGATIONS.**

11 Section 548 of title 11, United States Code, is
12 amended—

13 (1) in subsections (a) and (b) by striking “one
14 year” and inserting “2 years”,

15 (2) in subsection (a)—

16 (A) by inserting “(including any transfer
17 to or for the benefit of an insider under an em-
18 ployment contract)” after “transfer” the 1st
19 place it appears, and

20 (B) by inserting “(including any obligation
21 to or for the benefit of an insider under an em-



1 ployment contract)” after “obligation” the 1st
2 place it appears, and

3 (3) in subsection (a)(1)(B)(ii)—

4 (A) in subclause (II) by striking “or” at
5 the end,

6 (B) in subclause (III) by striking the pe-
7 riod at the end and inserting “; or”, and

8 (C) by adding at the end the following:

9 “(IV) made such transfer to or for the benefit
10 of an insider, or incurred such obligation to or for
11 the benefit of an insider, under an employment con-
12 tract and not in the ordinary course of business.”.

13 **SEC. ____03. PAYMENT OF INSURANCE BENEFITS TO RE-**
14 **TIRED EMPLOYEES.**

15 Section 1114 of title 11, United States Code, is
16 amended—

17 (1) by redesignating subsection (l) as subsection
18 (m), and

19 (2) by inserting after subsection (k) the fol-
20 lowing:

21 “(l) If the debtor, during the 180-day period ending
22 on the date of the filing of the petition—

23 “(1) modified retiree benefits; and

24 “(2) was insolvent on the date such benefits
25 were modified;



1 the court, on motion of a party in interest, and after notice
2 and a hearing, shall issue an order reinstating as of the
3 date the modification was made, such benefits as in effect
4 immediately before such date unless the court finds that
5 the balance of the equities clearly favors such modifica-
6 tion.”.

7 **SEC. ____04. EFFECTIVE DATE; APPLICATION OF AMEND-**
8 **MENTS.**

9 (a) **EFFECTIVE DATE.**—Except as provided in sub-
10 section (b), this Act and the amendments made by this
11 Act shall take effect on the date of the enactment of this
12 Act.

13 (b) **APPLICATION OF AMENDMENTS.**—

14 (1) **IN GENERAL.**—Except as provided in para-
15 graph (2), the amendments made by this Act shall
16 apply only with respect to cases commenced under
17 title 11 of the United States Code on or after the
18 date of the enactment of this Act.

19 (2) **AVOIDANCE PERIOD.**—The amendment
20 made by section 3(1) shall apply only with respect
21 to cases commenced under title 11 of the United
22 States Code more than 1 year after the date of the
23 enactment of this Act.

